

Service Date: June 3, 2004

DEPARTMENT OF PUBLIC SERVICE REGULATION
BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MONTANA

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IN THE MATTER of the APPLICATION of)	UTILITY DIVISION
PHANTOM HILLS WATER COMPANY, INC.)	DOCKET NO. D2004.4.61
for Authority to Establish Initial Rates and)	ORDER NO. 6570
Charges for Water Service)	

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PRE-NOTICE INTERIM ORDER

FINDINGS OF FACT

1. On April 20, 2004, Phantom Hills Water Company (Phantom Hills) filed an application with the Montana Public Service Commission (PSC) requesting approval to establish initial rates and charges for water service to a new residential subdivision and golf course development in or near Missoula, Montana.
2. Phantom Hills will ultimately serve 364 residential units, a golf course clubhouse, and golf course maintenance facility. The system anticipates there will be 35 customers by the end of 2004, with an anticipated total of 364 when the project is completed. The water system will be constructed in phases and will be built and operated as a stand-alone system. Irrigation for the golf course itself will come from private wells and will not be part of the system.
3. Because Phantom Hills is a new utility with no actual test year period upon which to base its interim rate request, it has derived its initial rates from the PSC approved rates of Mountain Water Company. Mountain Water has substantial experience in developing rate structures for its water company in the Missoula area.
4. The initial rates submitted with this application incorporate, as a condition of service, the administrative rules of the PSC applicable to water utilities.
5. Upon review the PSC finds the initial rates and charges as filed in this application to be just and reasonable for interim purposes and are therefore approved. These interim rates will apply for a one-year period which will provide Phantom Hills with historical data from which to derive an actual test year upon which the utility's rates may be modified.

CONCLUSIONS OF LAW

1. Phantom Hills Water Company is a new public utility furnishing water service to customers in the Missoula, Montana area. Phantom Hills Water Company is subject to the supervision, regulation and control of the PSC pursuant to Title 69, Chapter 3, Montana Code Annotated (MCA).

2. Section 69-3-304, MCA, provides that the PSC may temporarily approve increases pending a hearing or final decision.

3. The PSC concludes that the grant of an interim rate increase as set forth is just and reasonable and within the discretion granted by § 69-3-304, MCA.

ORDER

1. Phantom Hills Water Company is hereby granted authority to implement, on an interim basis, increased rates for its Missoula, Montana, area customers, designed to generate revenues based upon calculations on thirty-five customers for potential revenues of \$86,482.

2. Phantom Hills Water Company must file tariffs in compliance with this Interim Order.

3. Nothing in this Order precludes the PSC from adopting in a subsequent Interim Order (post-notice Interim Order) or a Final Order a revenue requirement different from that in this Interim Order. If the final decision is to disapprove all or part of the requested initial rates, the PSC may order a rebate to consumers of the amount collected, retroactive to the effective date of this Interim Order and shall order interest to be paid on any such rebate.

4. Interim approval of any matter in this proceeding should not be viewed as final endorsement by the PSC of any issues, calculations, or methodologies approved in the Interim Order.

5. This Interim Order is effective for all services rendered on and after June 1, 2004.

DONE IN OPEN SESSION at Helena, Montana on this 25 day of May, 2004 by a vote of 5 to 0.

BY ORDER OF THE MONTANA PUBLIC SERVICE COMMISSION

BOB ROWE, Chairman

THOMAS J. SCHNEIDER, Vice Chairman

MATT BRAINARD, Commissioner

GREG JERGESON, Commissioner

JAY STOVALL, Commissioner

ATTEST:

Connie Jones
Commission Secretary

(SEAL)

NOTE: Any interested party may request the Commission to reconsider this decision. A motion to reconsider must be filed within ten (10) days. See ARM 38.2.4806.